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October 8, 2002

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWB-204
Washington, DC 20554

Re: Notice of Written Ex Parte Communication, In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, CC Docket Nos. 01-338, 96-98 and 98-147

Dear Ms. Dortch:

On October 1, 2002, Ivan Seidenberg, CEO of Verizon Communications, addressed analysts at the Goldman Sachs Communacopia XI conference in New York City. Contrary to the claims some Bell Companies have made to this Commission regarding their financial position, the impact of UNE-P on their earnings and their potential for growth, Mr. Seidenberg made it clear that (1) Verizon's wireline business is strong; (2) Verizon's consumer revenues are growing; and (3) Verizon is reducing debt, increasing free cash flow and deploying innovative products and services. In Mr. Seidenberg's own words: "We believe we have a sustainable business model that blunts the revenue and margin impacts of competition. Our model will drive profitable growth as we deliver on the promise of our scale and unleash the potential for innovation in our technology platforms."

Indeed, Mr. Seidenberg's presentation calls into question the credibility of other Bell Company assertions that the availability of UNEs and the UNE-platform are having and will continue to have serious negative impact on the telecommunications industry. Consider these telling facts from Mr. Seidenberg's presentation:

- Verizon's 2nd quarter YTD consumer revenues *grew* at a rate of 4.2% to a total of \$8.4 Billion.
- Verizon reported approximately 2.3 million UNE-P lines in service in the 2nd quarter as compared to its own *9 million* long distance subscribers. From 2Q 2001 to 2Q 2002, Verizon lost 270,000 customers to UNE-P competitors will gaining 3 million LD customers -- an 11 to 1 margin of LD gains v. UNE-P losses.

- Verizon is also increasing its “walletshare” per customer by providing its customers with bundled services. Verizon reports that between 2000 and 2001, average monthly consumer telecom revenue per subscriber grew from \$42.80 to \$44.00 and they expect that growth to continue through 2002.

- Verizon’s DSL lines in service grew an astounding 79% from 2Q 2001 to 2Q 2002.

- Verizon’s wireless revenue is also growing, with 2nd quarter YTD wireless revenues at \$33.2B. While other Bell Companies are complaining to this Commission about wireless substitution, Verizon is “tear[ing] down barriers between wireless and wireline.” In Mr. Seidenberg’s own words: “HOW people make a phone call is INCONSEQUENTIAL.” (Emphasis in original).

Verizon’s presentation demonstrates that the competition spurred by UNE-P is not a prescription for bankruptcy, as some Bell Companies claim. Rather, it is forcing Verizon to improve its productivity and driving it to innovate by deploying new products and services, just as would be expected to occur in a competitive market. And critically, given its size and entrenched market position, competition has not kept Verizon from growing its revenues.

Verizon’s presentation thus stands as strong evidence that the Commission’s current UNE policies are working, fulfilling the goals of the Telecom Act by fostering competition and producing real consumer benefits. Verizon’s performance in the face of competition also decisively demonstrates that the Bell Companies do not need the regulatory protection that some of them so feverishly seek. Mr. Seidenberg’s presentation is attached in full for inclusion in the record.

Consistent with Commission rules, I am filing one electronic copy of this notice and request that you place it in the record of the above-referenced proceedings.

Sincerely,

A handwritten signature in dark ink, appearing to be 'JM' followed by a horizontal line, representing Joan Marsh.

Joan Marsh

cc: Christopher Libertelli
Matthew Brill
Daniel Gonzalez
Jordan Goldstein
Thomas Navin
Robert Tanner
Jeremy Miller